

Sugar & Gur Domestic & International Fundamentals**Recent Update:**

Mixed trend has been seen in Indian sugar market across India on Monday. The prices are expected to be bullish in coming days as demand for the refined sugar from local markets is accelerating due to scorching summer prevailing in India especially in north. Prices might remain at higher side if government accepts the rise in the minimum support price and creates export opportunities to relieve the sugar millers from clearing the increasing 2 years mounting arrears to be paid to cane farmers. Kolhapur sugar market prices stood at Rs.3150 whereas in U.P's Khatauli market at Rs.3450INR.

Banks have sanctioned a soft loan of Rs.689 crore 2 lakh 79 thousand to 42 sugar mills to aid the factories to clear the pending cane arrears due to glut in production resulting in depressed prices. The Central government will bear the interest for one year on this loan.

Weather Forecast:

The monsoon is likely to be delayed this year as its arrival expected on June 6, five days after its normal onset date, the India Meteorological Department said on Wednesday. This year, the statistical model forecast suggests that the monsoon onset over Kerala is likely to be slightly delayed according to IMD. The dreaded El Nino, which often disrupts global weather patterns including the monsoon, is likely to be neutralised by a local phenomenon in the Indian Ocean, which can lead to good rainfall in the June-September season, top meteorologists said.

Previous Updates:

India's sugar production is likely to decline 8.4 per cent to 30.3 million tonnes for the second straight year in the 2019-20 marketing year that would begin from October because of likely fall in sugarcane output due to unfavorable weather in major producing states, a latest USDA report said.

This year prices of oil rose 35 per cent, whereas sugar fell 5 per cent, and hike in oil prices led to increasing values for gasoline in Brazil. Due to this demand and prices for ethanol raised. Sugar production in Brazil is also likely to fall from expected production as mills are likely to allocate less cane for sugar.

The jaggery production in Visakhapatnam district is likely to come down at least by 50% compared with the last season. As a result of this, the arrival of jaggery at the Anakapalle jaggery market in Vizag district—the second biggest market in the country—has registered a downward trend.

Indian sugar exports continue to lag behind the government's 5 million mt target for the current marketing year, on the back of weakening global prices, making it unattractive for local mills to export.

The Maharashtra government informed that water storage in Aurangabad Division, which comprises Aurangabad, Beed, Hingoli, Parbhani and Osmanabad districts, was 0.43 per cent as against 23.44 per cent at the same time last year affecting the sugarcane production in the coming season.

***Farmers have started uprooting sugarcane** in the severely drought affected regions of Maharashtra to feed their animals. This is expected to hit sugarcane growth. Apart from this, sugarcane has also been damaged due to heat waves in the state. Moreover, farmers have decided to switch to other crops like soybean and pulses amongst others to boost their farm income. All these factors are set to bring down the overall cane sowing area by 10-15 per cent in the next sugar season (SS) October 2019 to September 2020.*

***In the current sugarcane crushing season (October to September)**, the country's sugar exports have increased to 21.29 lakh tonnes, which is much higher than last year. In the marketing year 2017-18, about 5 lakh tonnes of sugar was exported. Mills have to export 5 million tonnes of sugar. To reduce the excess payment of sugarcane farmers and reduce the excess of stock on sugar mills, the government is giving a lot of incentives for sugar exports. It has also been noticed on the export figures.*

AISTA Chief Executive Officer RP Bhagaria said that till date, there has been an export agreement for about 30 lakh tonnes of sugar, out of which 28.53 lakh tonnes have been sent from sugar mills.

***Sugar production in India in 2019-20 is expected to fall 8.4 % YoY**, to 30.3 mln tn due to anticipation of lower cane production and reduction in avg recovery rate of sugar – USDA report. Although, its output seen rising in UP to 11.0 mln tn from 10.23 mln tn last year.*

***Uttar Pradesh energy watchdog** proposing to reduce tariffs by 35% of bagasse-based power supplied to the state utility by sugar mills, the beleaguered millers are looking at taking a hit of almost Rs 500 crore annually if the proposal sails through as reported by Business Standard dated 10 th May 2019.*

***Brazil is expected to produce a smaller cane crop in 2019-20 but sugar output is expected to be higher** according to government agency Conab. They projected the main center-south cane crop at 566 million tonnes, versus 572 million tonnes in 2018/19, as planted area had fallen in the region and country because many farmers are switching to other crops such as soybeans.*

***Total sugar production is expected to surge upto 330 LT and about 5 LT higher than previous season's** production. Maharashtra's sugar production rose to 107LT, whereas U.P and Karnataka has reached the sugar production at 112.65 and 43.2 LT till 30th April, data released by ISMA.*

***Sugar mills produced 9.36 LT higher sugar stood at 321.19 LT from 311.83 LT** during the same time last year till 30th April. Till 30th April, only 100 mills are crushing sugarcane this year compared to 110 sugar mills last year.*

***The food ministry yesterday released the notification allocating 21 LMT monthly sugar quota to each of 534 mills in the country.** Those sugar mills which have completed their 75% to 100% export targets under MIEQ (Minimum Indicative Export Quota) allotted to them for the sugar season 2018-19 have been given incentive in the form of additional allocation @ 10% of their normal allocation for the month of May 2019.*

Weekly Outlook:

Indian Sugar markets remained firm during last week. We expect sugar prices may trade higher as good physical supplies from mills are continuing in the physical market. Prices will be supportive in coming

days due to the expectation of weak cane crush this season in the key producing states of UP, Maharashtra and Karnataka which contribute 55% of sugar. As per the Agriwatch estimate, spot sugar prices (M grade) in benchmark Kolhapur market are likely to range between Rs 3100–Rs 3250 per quintal for next week.

NCDEX Sugar (M grade) Future Quotes (At 05:00 p.m. as on 20-12-2018)

Contract	+/-	Open	High	Low	Close	Volume	O.I
Cont. (DEC)	-	2989	2989	2989	2989	-	-
Spread	Cont Dec(C1)						
Spot							

Note: There is no trade volume in near month future contract. Market participants are advised to wait until trade in volume start.

Commodity		Change
Thai Sugar FOB 45 Icumsa	324.40	1.5

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Fri May 24, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
19-Jul	190524	11.64	11.77	11.56	11.66	0.09	75,937	453,084	1,558
19-Oct	190524	12	12.17	11.96	12.05	0.08	37,149	277,362	2,499
20-Mar	190524	13.03	13.21	12.99	13.11	0.11	16,650	179,051	1,989
20-May	190524	13.16	13.35	13.13	13.25	0.12	5,141	42,447	607
20-Jul	190524	13.27	13.46	13.27	13.38	0.11	2,459	34,034	1,231
20-Oct	190524	13.46	13.65	13.46	13.56	0.1	972	30,861	161
21-Mar	190524	14.11	14.13	14.05	14.06	0.1	229	15,940	13
21-May	190524	14.12	14.12	14.07	14.07	0.09	54	2,240	24
Total Volume and Open Interest							138,616	1,038,686	8,082

International Sugar Futures LIFFE (US \$/MT)

Daily Futures Price Listing Fri May 24, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
19-Aug	190524	323.5	326.1	322	324.4	2.3	4,824	56,103	382
19-Oct	190524	327.8	330.6	326.1	329	2.4	2,481	24,924	484
19-Dec	190524	338.8	341	337.2	340.1	2.6	1,067	13,834	30
20-Mar	190524	348	350	346.7	349.6	2.8	346	8,525	-45
20-May	190524	356.9	357.8	356.9	357.8	2.9	106	2,108	-2
Total Volume and Open Interest							8,884	107,775	872

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			27-May-19	25-May-19	
Delhi	Delhi	M-Grade	3300	3300	Unch
	Delhi	S-Grade	3280	3280	Unch
Uttar Pradesh	Khatauli	M-Grade	3450	3440	10
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3300	3300	Unch
	Dhampur	S-Grade Ex-Mill	3280	3280	Unch
	Dhampur	L-Grade Ex-Mill	3350	3350	Unch
Maharashtra	Mumbai	M-Grade	3370	3370	Unch
	Mumbai	S-Grade	3250	3250	Unch
	Nagpur	M-Grade	3275	3325	-50
	Nagpur	S-Grade	3225	3225	Unch
	Kolhapur	M-Grade	3150	3200	-50
	Kolhapur	S-Grade	3100	3100	Unch
Assam	Guhawati	S-Grade	3410	3410	Unch
Meghalaya	Shillong	S-Grade	3420	3420	Unch
Andhra Pradesh	Vijayawada	M-Grade	3680	3680	Unch
	Vijayawada	S-Grade	3620	3620	Unch
West Bengal	Kolkata	M-Grade	3630	3640	-10
Tamil Nadu	Chennai	S-Grade	3580	3580	Unch

	Dindigul	M-Grade	3560	3560	Unch
	Coimbatore	M-Grade	3650	3650	Unch
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3400	3400	Unch

Sugar Prices are in INR/Quintal. (1 Quintal=100 kg)

Jaggery (Gur) Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Jaggery(Gur)			27-May-19	25-May-19	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	3288	3320	-33
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	3000	3000	Unch
	Muzaffarnagar	Khurpa (Fresh)	2905	2925	-20
	Muzaffarnagar	Laddoo (Fresh)	3188	3175	13
	Muzaffarnagar	Rascut (Fresh)	2688	2650	38
	Hapur	Chaurasa	Closed	3000	-
	Hapur	Balti	Closed	NA	-
Andhra Pradesh	Chittur	Gold	4100	4100	Unch
		White	3900	3700	200
		Black	3300	3500	-200
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4300	4300	Unch
	Belgaum	Mudde (Average)	NA	2850	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur/Vijayapura	Achhu	3000	2900	100
	Gulbarga/Kalaburgi	Other (Average)	2805	2800	5
	Mahalingapura	Penti (Average)	NA	NA	-
	Mandya	Achhu (Medium)	3300	3350	-50
	Mandya	Kurikatu (Medium)	3100	3150	-50
	Mandya	Other (Medium)	3000	3150	-150
	Mandya	Yellow (Medium)	3100	3350	-250
	Shimoga/Shivamogga	Achhu (Average)	3700	3700	Unch

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